A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 10 OCTOBER 1986

PAPER AND PAPERBOARD PRODUCTION AT RECORD HIGHS

Paper and paperboard production during the third quarter surged upward at an 8.1% per year rate from its record-high second quarter rate and established a new seasonally adjusted high of 71.7 million tons per year.

These gains were well distributed throughout the grade structure, with total paper rising at a rate of 8.6% per year and paperboard 7.6% per year. Weekly data for the early weeks of October show that production of both paper and paperboard remained near their respective third quarter highs.

Net imports, based on the July-August rates, rose sharply from their second quarter rates, so that total new supply (production plus imports less exports -- a proxy measure of consumption) showed an even steeper gain. This compares to the 2.4% per year rate of gain in the real gross national product from the second to the third quarter of this year.

The steeper growth in paper and paperboard new supply relative to that of total economic activity has been of major interest to many observers of the industry. It reflects the fact that business growth so far this year has been concentrated in those sectors of the economy that are heavy users of paper and paperboard. Production of non-durable goods, for example rose by 5.8% per year from the second to the third quarter of the year, only a little lower than the rate of gain in paperboard. Non-durable goods include the major markets for paperboard, and are also a good indicator for many of the paper markets as well. Printing and publishing activity, an indicator of the markets for white papers and newsprint, rose by 6.5% per year in this period.

The performances in the first three quarters of 1986 indicate a somewhat similar pattern: paper and paperboard production was 5.4% ahead of its year-ago rate, with paper up 3.8% and paperboard a gain of 7.0%

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The sharp increase in net imports estimated for the third quarter brought the year-to-date total to about 4.4% above its year-earlier level, with exports rising an estimated 17.8% for that period. Thus, total new supply rose by an estimated 4.6% compared to a 2.4% rise in the real gross national product for the first nine months of the year. Relative to their year-ago levels, non-durable goods production rose by 4.4%, consumer goods by 3.5% and printing and publishing activity by 5.3%.

These trends are summarized in the paper and paperboard supply and demand indexes published on the yellow Fact Sheet enclosed in this report. That table shows new supply for paper for the first three quarters of 1986 up 3.7% from its year-ago level, compared to a 4.8% increase in the demand indicator. Paperboard production for domestic use, however, gained 6.5% in this period, compared to a 1.8% increase in its demand indicator, the difference reflecting a change in inventories. Last year paperboard production was restrained by a sharp reduction in the excessive inventories of containerboard held at paperboard mills and box plants; so far in 1986, the reductions in these inventories have been relatively modest. Compared to 1984, the nine-month 1986 rate of paperboard production for domestic use was up 3.3%, very close to the 3.0% increase in the paperboard demand indicator.

GRADE STRUCTURE

Within the paper grades, major gains continued in the white paper grades. The detail is shown in the table on page 3. Separate calculations of the seasonally adjusted trend of production by grade indicate that the declines in white paper noted for September were less than usual seasonal move for coated papers and uncoated free sheet papers, so that on a seasonally adjusted basis output showed a strong increase over its August level. The rate of tissue paper also rose, but packaging papers declined.

A somewhat different pattern was evident in the paperboard grades, with September output trailing the solid pace of earlier months. This reflected, in part, a continuing reduction of inventories of containerboard at paperboard mills and boxplants and in part a decline in exports. Production for export in September was well below its highs of the preceding three months. However, the nine-month 1986 total of paperboard production for export was 13.2% ahead of its year-earlier level, reflecting a 14.6% gain in exports of kraft paperboard, a 9.9% gain in semichemical paperboard and a 10.2% gain in bleached board.

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PAPER AND PAPERBOARD STATISTICS

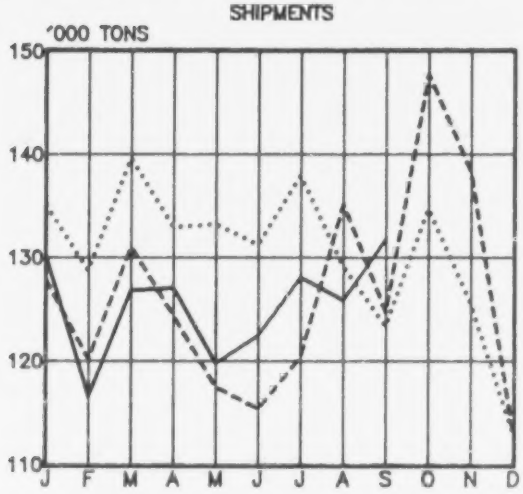
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	JUN 1986	JUL 1986	AUG 1986	SEPT 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PAPER								
Newsprint - Production	5539	5428	463	477	486	462	5622	2.8
- Shipments	5564	5417	469	465	472	455	5523	1.8
Printing & Writing sum	18397	18450	1628	1590	1680	1675	19503	5.9
Groundwood Paper - Shipments	1565	1510	123	128	126	132	1505	1.1
- New Orders	1575	1477	139	152	138	118	1548	7.1
-Unfilled Orders	140	106	117	141	149	139	139	27.4
Coated Papers - Shipments	6249	5875	504	484	556	555	6155	3.2
- New Orders	6281	5642	529	529	562	552	6299	11.0
- Unfilled Orders	575	343	424	475	467	447	447	30.0
Unctd Free Sheet - Shipments	9207	9750	877	874	884	877	10408	6.4
- New Orders	8939	9704	875	889	922	849	10558	10.5
- Unfilled Orders	430	509	563	580	614	591	591	33.1
Thin Papers - Shipments	267	241	20	18	15	22	229	-4.1
Cotton Fiber Paper - Shipments	147	144	13	11	12	12	154	5.2
Bleached Bristols - Production	961	924	92	77	87	78	995	8.3
Tissue Paper - Production	4921	4941	419	395	429	419	5064	3.0
Total Packaging & Other Paper	5555	5202	423	417	429	425	5147	-1.7
Unbl. Kraft Paper - Shipments	3660	3403	278	277	277	274	3374	-1.7
Other Paper - Production	1889	1799	146	140	152	151	1773	-1.6
TOTAL PAPER-Production-Unadj.	34411	34021	2932	2880	3025	2982	35337	3.8
-Production-S.A.			2959	3019	2995	2991	35327	3.8
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2307	2256	2397	2233	27242	6.9
Total Unbl. Kraft Paperboard	17185	16368	1508	1439	1575	1437	17593	7.0
Unbl. Kraft Linerboard (1)	16037	15183	1385	1331	1455	1328	16241	6.9
Production for Export	2086	1830	181	163	206	161	2081	14.8
Other Unbl. Kraft Paperboard	1149	1184	123	107	120	109	1352	11.5
Semichemical Paperboard	5169	5088	452	441	481	450	5363	5.8
Production for Export	149	184	15	14	26	22	201	9.9
Solid Bleached Paperboard	4048	3948	347	377	342	349	4287	8.4
Production for Export	478	466	43	45	42	40	509	10.2
Recycled Paperboard	7637	7630	671	637	687	669	8145	7.3
Production for Export	17	26	3	2	1	2	24	-8.0
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	2978	2893	3085	2902	35387	7.0
- Containerboard Prod.(Dom. Use)	20993	20042	1810	1773	1888	1769	21398	6.6
- Boxboard Prod.(Dom. Use) (2)	5783	5673	485	475	483	482	5949	4.8
- All Other P'bd Prod.(D.U.) (2)	4531	4808	441	420	439	426	5224	8.3
- Total Paperbd Prod. for Export	2731	2511	242	225	275	225	2815	13.2
TOTAL PAPERBOARD PROD.- S.A.			2931	3020	2987	2908	35086	7.0
TOTAL PAPER AND PAPERBOARD								
Production - actual	68450	67055	5910	5773	6109	5884	70723	5.4
Production - S.A.			5889	6039	5982	5899	70412	5.4

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

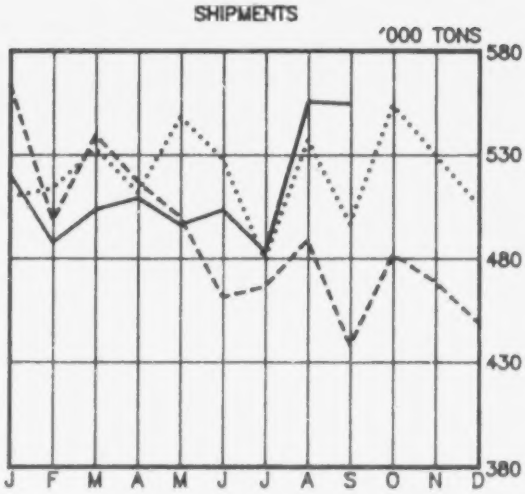
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



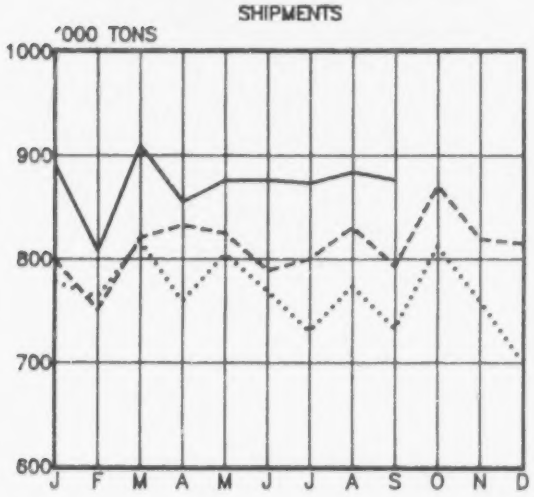
COATED PAPER

SHIPMENTS



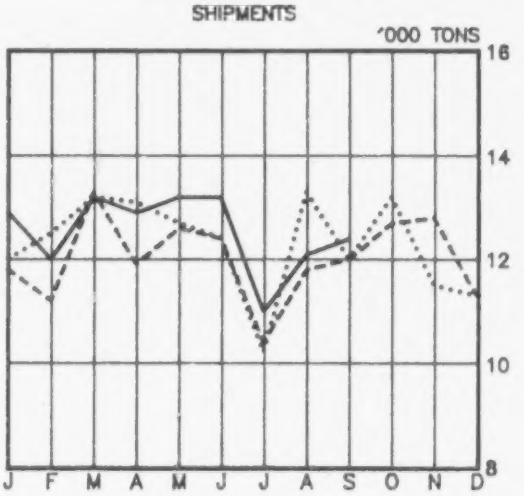
UNCOATED FREE SHEET PAPERS

SHIPMENTS



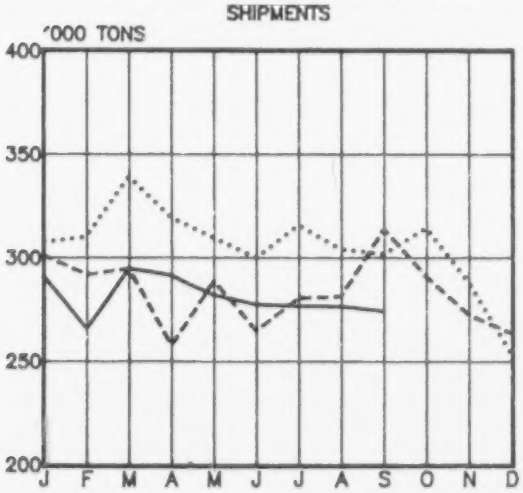
COTTON FIBER PAPER

SHIPMENTS



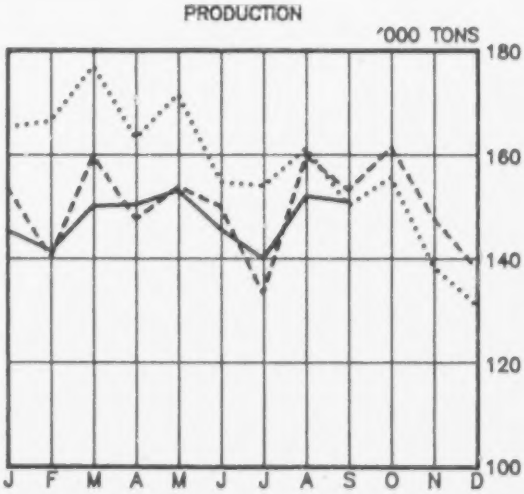
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ····· 1985 - - - - - 1986 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1984	YEAR 1985	MAY 1986	JUNE 1986	JULY 1986	AUGUST 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54170	4771	4842	4818	4833	57184	5.1
- Imports	4490	4466	422	370	401	422	4604	1.3
- Exports	3594	3791	365	372	299	418	4403	14.3
- New Supply	56367	54844	4828	4840	4920	4837	57384	4.2
Dissolving Pulp - Production	1206	1174	110	107	103	113	1259	5.4
- Imports	161	175	13	22	20	28	257	58.2
- Exports	595	631	63	54	46	63	671	-1.3
- New Supply	772	718	60	74	77	78	845	24.9
Paper Grades - Production	44690	43696	3856	3940	3873	3891	46272	5.6
Chemical Pulp - Imports	4023	4104	385	343	369	378	4230	1.3
- Exports	2945	3131	299	314	251	353	3672	19.7
- New Supply	45767	44668	3942	3968	3991	3916	46830	4.4
Groundwood and - Production	5506	5251	466	450	474	469	5510	3.6
Thermo-Mech. - Imports	306	187	24	6	12	15	116	-44.4
- Exports	54	29	3	4	2	2	60	144.9
- New Supply	5758	5409	486	452	484	483	5566	1.1
Semi-Chemical - Production	4069	4050	340	345	368	359	4143	1.9
- Imports			- - - - - Included in Groundwood Pulp				- - - - -	
- Exports								
- New Supply	4069	4050	340	345	368	359	4143	1.9
MARKET WOOD PULP								
Total Market - Production	6898	6800	623	640	637	673	7511	9.5
Wood Pulp - Imports	2968	2791	281	255	242	237	3087	8.6
- Exports	3511	3784	321	424	313	406	4445	17.1
- New Supply	6355	5807	583	471	566	565	6155	4.1
Dissolving Pulp - Production	1205	1171	109	105	102	113	1251	4.8
- Imports	204	174	10	20	12	25	215	25.3
- Exports	690	666	57	67	52	57	686	2.7
- New Supply	718	679	61	58	63	81	770	12.1
Paper Grades - Production	5680	5605	512	533	535	560	6252	10.7
Chemical Pulp - Imports	2664	2531	253	225	224	257	2775	6.7
- Exports	2821	3117	264	357	262	349	3749	20.4
- New Supply	5523	5019	502	402	497	468	5278	2.8
Groundwood Pulp - Production	14	24	1	2	0	0	8	-58.8
and All Other - Imports	100	86	19	10	6	16	99	36.9
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	20	11	7	16	108	18.2

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

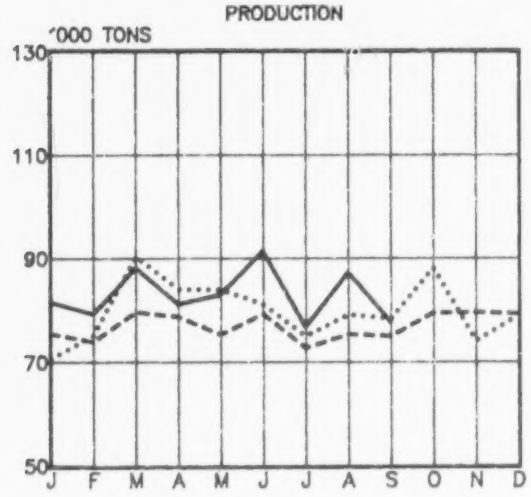
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68584	6149	6078	5937	6119	72207	5.2
Total Wood Pulp	54562	53297	4706	4634	4616	4729	55644	4.2
Waste Paper	15926	15290	1443	1384	1320	1390	16563	8.6
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	164	171	176	195	195	8.2
Producers' Market Inventories	585	486	365	304	353	352	352	-34.9
Consumers' Purchased Inventories	545	492	508	568	579	542	542	17.4
Waste Paper at Paper & Bd. Mills	1053	967	844	843	884	851	851	-13.0
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	21	18	21	17	17	-51.4

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

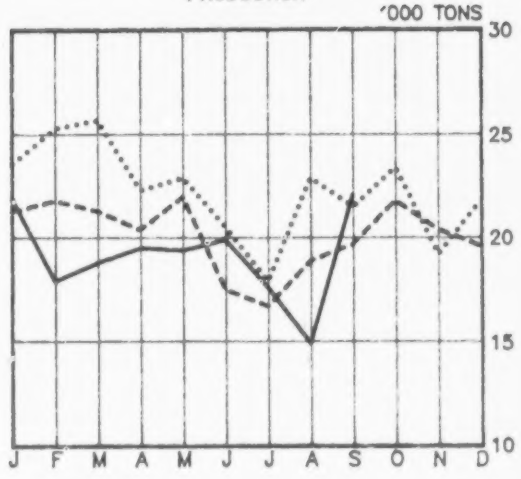
BLEACHED BRISTOLS

PRODUCTION



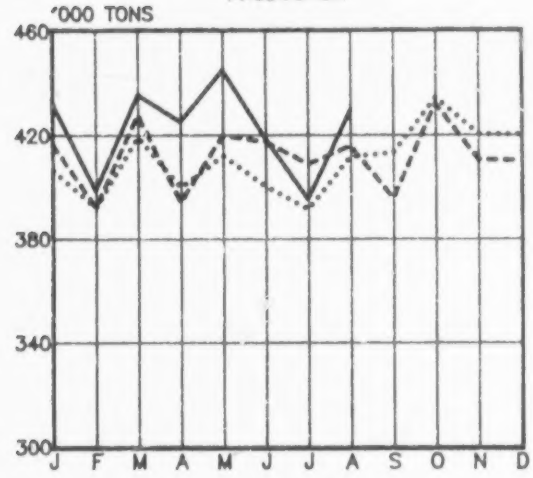
THIN PAPER

PRODUCTION



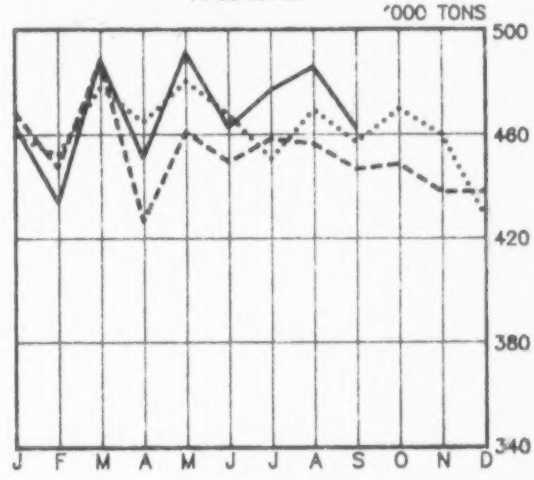
TISSUE PAPER

PRODUCTION



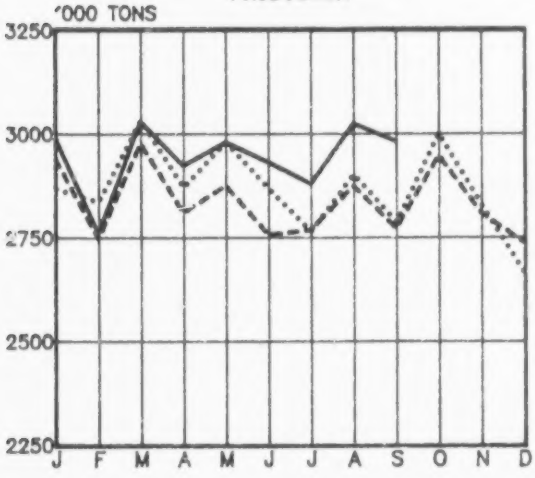
NEWSPRINT

PRODUCTION



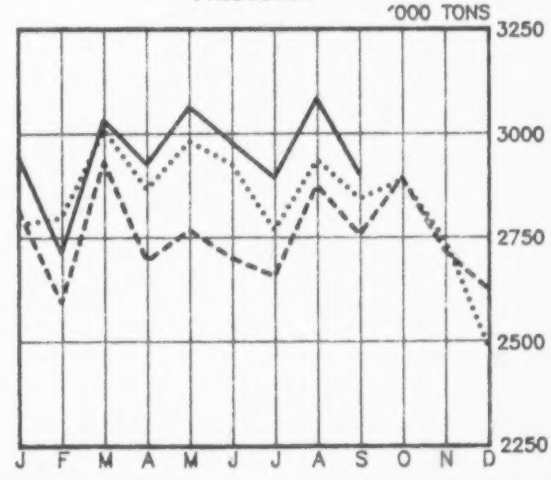
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - - 1986 ——

F I B R O U S R A W M A T E R I A L S

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	MAY 1986	JUNE 1986	JULY 1986	AUGUST 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	7277	7372	7770	7465	90510	6.0
	- Total Consumpt	87646	85744	7499	7563	7812	7582	91226	6.4
	- Residues *	32072	30447	2864	2748	2576	2710	33008	8.7
	- Inventories	5574	5046	4910	4851	4836	4835	4835	-2.7
So. Atlantic	- Total Receipts	27654	27589	2381	2427	2480	2289	29427	8.5
	- Total Consumpt	27344	27815	2395	2480	2531	2345	29448	7.5
	- Residues *	8198	7970	816	779	682	788	9264	20.6
	- Inventories	1444	1117	1117	1096	1062	1016	1016	-4.1
Northeast	- Total Receipts	7665	7430	526	596	598	586	7158	-3.4
	- Total Consumpt	7474	7394	573	615	582	561	7308	-3.3
	- Residues *	1501	1539	118	123	98	124	1421	-8.3
	- Inventories	590	544	360	345	351	368	368	-13.4
South Central	- Total Receipts	30693	29786	2539	2496	2745	2729	31581	5.5
	- Total Consumpt	30502	29914	2711	2578	2746	2737	31930	6.0
	- Residues *	9059	9207	823	778	809	828	9681	4.6
	- Inventories	1304	1198	1087	992	992	1038	1038	-7.4
North Central	- Total Receipts	6872	6430	484	522	578	561	6462	-0.2
	- Total Consumpt	6563	6296	567	580	561	578	6734	6.4
	- Residues *	1472	1290	88	78	76	85	1043	-21.3
	- Inventories	906	884	807	762	789	808	808	-10.5
West	- Total Receipts	15992	14264	1347	1331	1369	1300	15882	-0.7
	- Total Consumpt	15763	14325	1253	1310	1392	1361	15786	10.3
	- Residues *	11842	10458	1019	990	911	885	11600	10.9
	- Inventories	1330	1303	1539	1656	1641	1605	1605	4.8

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 27-Oct-86

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	JULY Tons	1986 $000's	AUG. Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	2960	183	292	35	35237	20.6
Pulpwood chips	788486	21955	28817	749	52139	1537	805080	-2.7
Wood Pulp, Total	4020736	1385871	363842	127244	361716	131816	3961688	-3.0
Waste Fibrous Materials, Total	144564	26371	14962	2764	13813	2352	167019	7.1
Paper, Board & Products, Total	9734523	4306694	961130	429424	868581	389883	9999639	3.5
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	951025	412837	857551	371106	9880768	3.1
Paper, Paperboard & Products	9380235	4215314	938381	422606	846400	383051	9745372	5.2
Paper & Paperboard, Only	9286488	4073606	928276	406019	835370	364274	9626501	4.8
Paper, Total	9132128	4030872	905720	398966	814286	358024	9404276	4.1
Newsprint	8117986	3496944	801094	344309	714254	305451	8367437	3.7
Printing, Writing & Rel. Pap.	841500	435561	81539	42624	77451	40964	817290	1.7
Pack. & Ind. Conv. Paper	124100	64640	17706	8069	16265	7395	175248	54.2
Special Industrial Paper	3463	5393	491	829	350	524	4400	43.1
Tissue Paper	45081	28334	4889	3136	5966	3690	39902	-17.8
Paperboard, Total	154360	42734	22556	7053	21084	6250	222225	47.5
Convtd Paper&Paperbd Products	93747	141708	10104	16587	11030	12778	118872	45.9
Wet Machine Board	2184	1481	183	116	204	156	2309	7.8
Construction Paper & Board	352104	89898	22566	6701	21978	6675	251358	-36.3

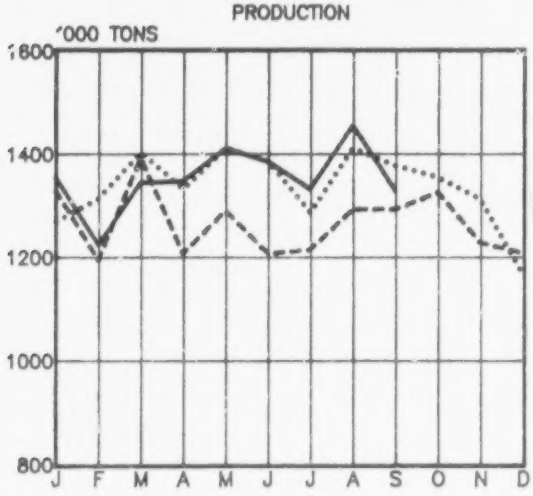
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	3774	238	1097	95	38451	-10.7
Pulpwood chips	82626	4780	11981	560	11880	810	82877	-4.2
Wood Pulp, Tota.	203934	79541	20325	5879	18136	5559	261393	24.8
Cotton Pulp & Other Pulp	15083	6252	2453	921	3917	1177	28875	151.8
Waste Paper	209087	23249	23606	2585	21659	2323	203195	-10.3
Paper, Board & Products, Total	736140	485290	83357	33513	55848	37251	889023	22.3
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	71673	21980	42126	24785	739098	31.8
Paper, Paperboard & Products	710785	473839	82040	32820	52711	36465	861128	22.5
Paper & Paperboard, Only	554413	322162	70356	21288	38989	24000	711203	32.5
Paper, Total	271754	223971	23055	14187	18454	17277	287494	0.1
Newsprint	3757	3276	386	359	369	366	3973	10.3
Printing, Writing & Rel. Pap.	133800	118625	9690	7249	9896	9602	122753	-14.3
Pack. & Ind. Conv. Paper	41327	23536	1193	860	2356	1635	26375	-41.8
Special Industrial Paper	90071	74893	11443	5141	5502	5233	131326	42.2
Tissue Paper	2799	3641	343	578	331	441	3068	7.9
Paperboard, Total	282658	98191	47301	7101	20535	6723	423709	69.8
Convtd Paper&Paperbd Products	156372	151676	11684	11533	13722	12466	149925	-9.8
Wet Machine Board	5786	4243	362	269	1608	224	11109	106.4
Construction Paper & Board	19570	7209	955	423	1529	561	16787	-9.9

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 27-Oct-86

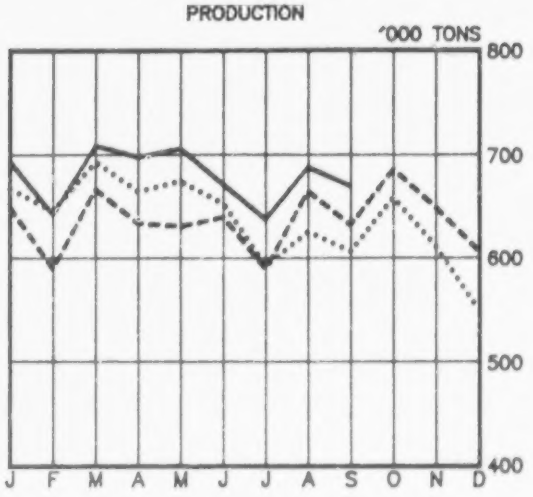
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



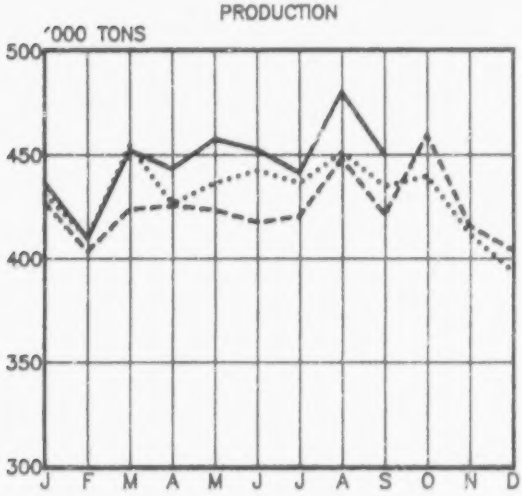
RECYCLED PAPERBOARD

PRODUCTION



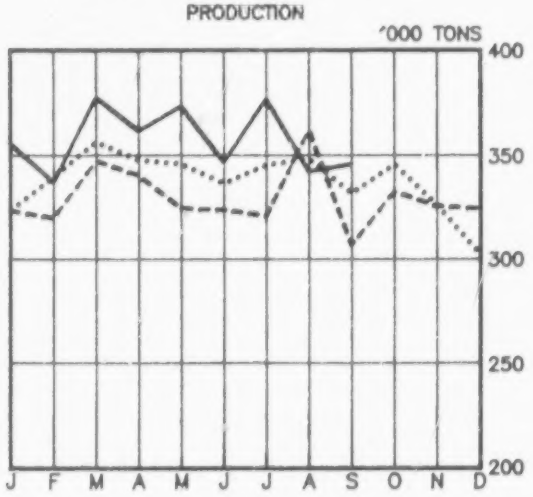
SEMICHEMICAL PAPERBOARD

PRODUCTION



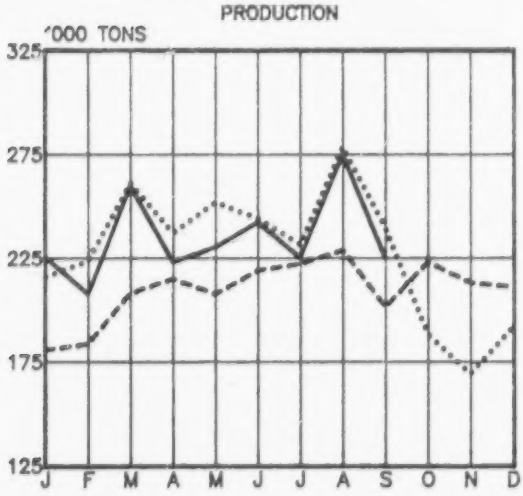
SOLID BLEACHED PAPERBOARD

PRODUCTION



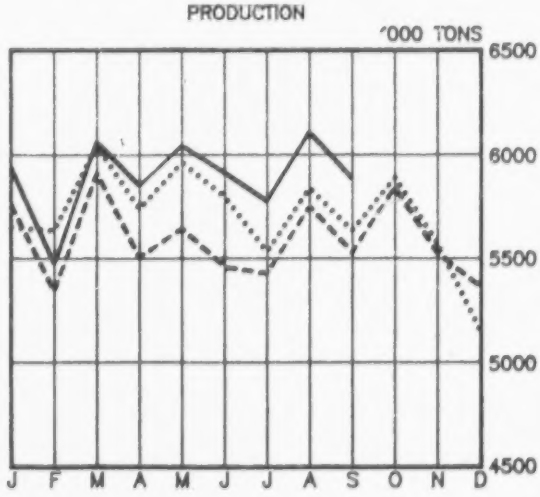
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - - 1986 ——

I M P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 JULY Tons	1986 JULY $000	1986 AUG. Tons	1986 AUG. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	2960	183	292	95	36887	-17.0
Pulpwood Chips	789382	22006	28836	752	52144	1545	807078	-2.6
Total All Imports	16156209	7255817	1556047	722034	1468774	668183	16722074	3.3
Wood Pulp Total	4465746	1520907	401313	140114	421710	152985	4603631	1.3
Waste Paper	87413	10160	7874	882	7280	841	96297	12.5
Other Fibrous Materials	81430	26949	8267	2737	7741	2138	127941	31.9
Paper Board & Products Total	11521619	5697802	1138593	578300	1032043	512219	11894206	3.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	1103668	504616	1001805	445731	11531239	3.0
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	1108182	568352	1001250	502603	11351729	5.0
Paper & Paperboard Only	10821629	4962757	1073257	494667	971012	436115	11188747	4.2
Paper Total	10637428	4906862	1048475	485723	947995	428916	10927780	3.9
Newsprint	8496568	3638716	822825	353051	759518	319239	8712974	3.5
Printing & Writing	1912867	1116225	198195	116000	159494	91907	1917387	-0.3
Uncoated Groundwood	1027211	530619	102420	51744	82522	41548	954141	-7.6
Coated Print.& Impreg. Pap.	496072	363855	48660	36259	37571	26603	477833	-9.1
Uncoated Free Sheet	364848	198432	44304	25565	34036	20193	438939	29.1
Uncoated Book	200927	106586	22442	13195	15170	9134	220719	19.5
Writing and Similar Paper	163921	91846	21862	12371	18867	11060	218219	40.9
Thin (except Cigarette)	23712	22276	2717	2355	5283	3501	45601	85.9
Bristols	1024	1043	95	77	82	61	671	-43.6
Total Pkg & Other Paper	172003	116390	22204	13090	20514	12585	233.69	43.5
Unbleached Kraft Paper	63604	23976	11294	4206	10517	3833	106692	106.7
Other Pkg. & Indust. Paper	108398	92414	10910	8884	9998	8752	126478	14.1
Tissue	55991	35551	5251	3581	8469	5184	64250	14.5
Paperboard, Total	184201	55875	24782	8945	23016	7200	260968	47.5
Test or Containerboard	50975	16848	7043	2324	8115	2690	75105	48.7
Semi-Chemical Corrugating	65203	13706	11099	3313	8154	1785	96443	54.2
Other Paperboard	68023	25321	6640	3308	6748	2725	89419	39.9
Convtd Paper&Paperbd Products	283525	623320	34925	73684	30238	66488	362971	39.5
Paper Products, Total	258934	572316	32089	67929	28024	61723	334429	41.3
Paperboard Products, Total	24592	51004	2836	5755	2214	4764	28542	20.8
Wet machine Board	3270	2585	240	178	252	209	3369	2.4
Construction Paper & Board	413196	109140	30171	9770	30542	9407	339118	-25.7
Notes								
Other: No Weight Avail. ($000)		228219		22271		17630	206185	-3.3
Total Imports Incl. Other($000)		7484036		744305		685813	7748650	3.4

E X P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 JULY Tons	1986 JULY $000	1986 AUG. Tons	1986 AUG. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (cords)	51765	3037	3774	238	1097	65	42950	-1.5
Pulpwood Chips	2116137	168814	205047	15103	202125	14603	2175657	-5.9
Total All Exports	11261281	4042068	1051826	364271	1164780	429931	13102917	15.3
Wood Pulp,Total	3791102	1352708	299457	113796	417775	161878	4403244	14.3
Cotton Pulp and Other Pulp	107224	71802	9779	5043	11701	6158	164711	57.6
Waste and Old Paper	3285926	349258	310006	33501	333091	39262	3732908	11.7
Paper, Board & Products,Total	4077029	2268300	432584	211931	402213	222333	4872097	18.1
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	393747	157915	358002	163939	4295870	21.0
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	425892	208047	393852	218069	4708334	17.7
Paper & Paperboard, Only	3517311	1548451	387055	154031	349641	159675	4202146	20.6
Paper, Total	779000	594338	83248	52229	82639	59639	879863	10.7
Newsprint	314385	131379	45735	21287	43128	21361	369160	17.5
Printing & Writing	202826	201845	14009	12996	15824	16305	194854	-5.1
Uncoated Groundwood	36779	31727	2828	1989	2877	2316	44335	13.6
Clay Coated Paper	82461	65710	5896	3812	6081	4595	74954	4.4
Uncoated Free Sheet	64573	77929	3577	5224	4325	6766	50100	-27.4
Other Printing & Writing	19013	26479	1707	1970	2541	2828	20465	-1.2
Total Pkg. & Other Paper	243671	242909	22289	16177	22217	19655	299901	17.6
Unbleached Kraft	67695	29931	4982	1968	9523	3874	82121	10.6
Other Pkg. & Indust. Paper	175976	212978	17306	14209	12694	15780	217779	20.5
Tissue	18118	18205	1216	1769	1471	2318	15949	-20.4
Paperboard, Total	2738310	954113	303807	101802	267002	100036	3322283	23.4
Solid Wood Pulp	2492746	872281	26182?	96150	250143	93825	2970412	19.8
Total Linerboard	1807151	480909	195282	58877	181873	56812	2171148	22.7
Bleached Kraft Linerboard	130359	45687	13107	5468	12128	4548	153652	33.1
Unbleached Kraft Linerbd	1676791	435222	182175	53409	169744	52264	2017493	22.0
Other Unbleached Kraft	100651	41053	15548	5621	13179	5019	158517	34.5
Other Bleached Kraft	523091	335026	46156	30286	48435	29989	570066	5.8
Semi-Chemical Corrugating	61853	15293	4841	1366	6657	2005	70681	30.9
Recycled Paperboard	245564	81833	41980	5652	16859	6211	351871	66.7
Convtd Paper&Paperbd Products	490910	680143	38837	54015	44211	58394	506187	-1.7
Paper Products, Total	237191	464174	17794	34996	19849	38822	226404	-10.4
Paperboard Products, Total	253719	215970	21044	19020	24362	19572	279784	6.7
Wet Machine Board	13380	6930	985	502	2042	423	19939	61.2
Construction Paper & Board E	55429	32776	5707	3382	6319	3841	73784	41.6
Notes								
Other: No Weight Avail. ($000)		6618		555		367	7644	13.8
Total Exports Incl. Other($000)		4048687		364826		429998	4550293	9.5

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	JUNE 1986	JULY 1986	AUGUST 1986	SEPTEMBER 1986	Annual Rate Y-2-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	292.1	293.7	295.8	297.7	291.7	-0.6
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	294.2	295.4	297.4	299.3	293.6	-0.7
Total Wood Pulp	395.0	347.2	357.5	367.7	365.9	371.5	348.7	-0.8
Total Paper	303.2	303.6	304.5	305.6	307.5	309.9	304.2	[illegible]
Total Paper, exc. Newsprint	301.2	298.8	298.8	299.2	302.5	303.8	298.6	-0.4
Newsprint	324.1	332.9	323.1	323.6	322.2	322.3	323.6	+3.0
Total Paperboard	280.6	275.5	268.6	270.5	274.1	276.8	268.4	-3.6
Total Paper and Paperboard *	296.1	294.8	293.2	294.6	297.0	298.9	293.2	-1.1
Converted Products	280.7	288.1	287.8	288.2	290.3	291.8	288.0	-0.3
Waste Paper	240.1	148.8	168.3	195.0	200.3	204.4	163.2	+4.5
All Commodities	310.4	308.9	298.9	297.7	297.2	297.7	300.3	-2.7
Industrial Commodities	322.6	324.0	311.6	308.5	307.7	308.8	313.0	-3.3

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Paper and Allied Products Companies

Sales and Earnings

	Sales			Net Profit After Taxes			Earnings/Sales	
	1986	1985	Change 86/85	1986	1985	Change 86/85	1986	1985
	(Million Dollars)		%	(Million Dollars)		%	%	%
32 Paper and Allied Products Companies								
First Quarter	11,861	11,959	-0.8	412.5	522.9	-21.1	3.5	4.4
Second Quarter	12,690	12,314	3.1	624.5	584.7	6.8	4.9	4.7
Third Quarter	13,351	11,889	12.3	648.5	475.4	36.4	4.9	4.0
Year to Date	37,902	36,161	4.8	1,685.5	1,583.0	6.5	4.4	4.4
4 Forest Products Companies								
First Quarter	3,307	3,210	3.0	80.8	89.8	-10.0	2.4	2.8
Second Quarter	3,897	3,624	7.5	182.5	134.0	36.2	4.7	3.7
Third Quarter	3,792	3,458	9.7	185.7	82.9	123.9	4.9	2.4
Year to Date	10,996	10,292	6.8	449.1	306.7	46.4	4.1	3.0
5 Paper Related Companies								
First Quarter	13,371	13,812	-2.7	656.8	520.3	26.2	3.4	2.6
Second Quarter	17,735	19,211	-7.7	801.7	601.6	33.3	4.5	3.1
Third Quarter	17,111	19,895	-14.0	546.0	90.5	503.5	3.2	0.5
Year to Date	54,217	59,017	-8.1	2,004.5	1,212.4	65.3	3.7	2.1
2 Canadian Companies								
	(Canadian Dollars)			(Canadian Dollars)				
First Quarter	1,210	1,109	9.1	63.1	57.7	9.4	5.2	5.2
Second Quarter	1,276	1,190	7.2	53.7	41.3	30.0	4.2	3.5
Third Quarter	1,302	1,159	12.3	66.2	50.5	31.1	5.1	4.4
Year to Date	3,788	3,458	9.5	183.0	149.5	22.4	4.8	4.3

American Paper Institute
Economics Department
October 29, 1986

The seasonally adjusted rate of production of containerboard for domestic use moved upward in September, as did the rate of boxboard production for domestic use.

FIBROUS RAW MATERIALS

Production of wood pulp is paralleling that of paper and paperboard. Market pulp production, however, continues to show much stronger gains, with the January-September 1986 total estimated to be 11% above that of the comparable 1985 period. Most of this strength is concentrated in chemical paper grade market pulp, where the nine-month 1986 total was up 12%. In addition, inventories held by producers declined by 176,000 tons, so that total shipments of these pulps rose by 14%. The gain in shipments reflected increases in all the major pulp markets, with shipments to the domestic market rising by 5% and shipments to the United Kingdom and Western Europe showing a 24% increase.

While consumption of total fibrous raw materials at pulp and paper mills moves in line with total production, the table at the bottom of page 5 shows a shift in the composition from wood pulp to waste paper so far this year. The data show that consumption of waste paper in the first 8 months of 1986 rose 8.6%, compared to a 4.2% increase in consumption of wood pulp. Some of this gain can be traced to the growth in production of recycled paperboard -- reported at a 7.3% gain from the first nine months of 1985 to the comparable 1986 period. In that same period production of solid wood pulp paperboard rose 6.9%.

EMPLOYEE RELATIONS

The American Paper Institute's Employee Relations Department reported that as of September 30, 1986 the average first year negotiated wage increase was 0.4% in 90 new labor agreements at paper and paperboard mills covering 36,296 employees. Lump sum bonuses with no wage increases were provided in 60 of these settlements. (Lump sum amounts were not factored into the reported 0.4% first year increase.) The heaviest round of bargaining is in the Southern region, where 59 mills have labor contracts expiring this year. Only 24 of these had reached agreement by September 30.

Data from the Bureau of Labor Statistics show that average hourly earnings at pulp and paper mills in the first eight months of 1986 were 4.1% ahead of their comparable 1985 level while earnings at paperboard mills rose 3.6%. The BLS figures include overtime and vacation pay, but do not include

Continued on Page 12

non-payroll benefits such as pension, medical and social security payments. In that same period, output per production worker manhour at pulp paper and paperboard mills, as calculated by the American Paper Institute, rose by 5.9%. Part of this rather large increase resulted from the rapid gain in production over 1985 levels. The gain from the average 1984 rate was only 5.3%, while the comparable increase in average hourly earnings was 8.5% at pulp and paper mills and 7.4% at paperboard mills.

CAPITAL APPROPRIATIONS

In a recent report the Conference Board reported that capital appropriations by those paper and allied products companies included in the 1,000 largest companies in the United States increased their newly approved appropriations to $1,130 million in the second quarter of 1986, from an average of $701 million in the previous four quarters. However, capital expenditures totaled $1,256 million for these same companies in that period which, together with cancellation of previously approved appropriations, brought the closing backlog of unspent appropriations down to $3.9 billion, down from $5.2 billion as of the end of the second quarter of 1985.

The latest report by the Department of Commerce indicated that total capital expenditures by all paper and allied products companies in the United States would reach $8.87 billion in 1986, 3.3% above the previous high of $8.59 billion established in 1985. The upturn in capital appropriations reported by the Conference Board lends further credence to the Department of Commerce's estimate.

SALES AND EARNINGS

The increase in paper and paperboard production from the second to the third quarters of 1986 was fully reflected in increases in dollar sales. Data reported in the press by 32 paper and allied products show their combined net sales rising by 5.2% from the second to third quarter of the year. In past years sales have held steady or even declined because of summer shutdowns of the mills for vacation, maintenance and repair.

After-tax earnings also showed a contra-seasonal rise of 3.8% from the second quarter, holding the margin on sales to the 4.9% realized in the second quarter of this year. This may be compared to the 5.4% average for the 1975-1981 period.

Relative to their comparable 1985 totals, the third quarter 1986 sales total was up 12.3%; after-tax earnings up a remarkable 36.4%. The sales gain served to bring the year-to-date sales total 4.8% ahead of its comparable 1985 total and year-to-date earnings up 6.5%. The 1986 year-to-date sales margin remained at the year-ago's 4.4%.

The table on the lower part of page 10 presents the data on sales and earnings for the reporting companies for the first three quarters of 1985 and 1986 as well as data on four lumber and wood products companies with paper industry operations, and two Canadian companies.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

October 31, 1986

PRODUCTION (000 TONS)

	Sept. 86	Aug. 86	Sept. 85	Jan. - Sept. 86	Jan. - Sept. 85	% Change 86/85
PAPER GRADES						
Newsprint	462	486	447	4217	4103	2.8
Printing & Writing	1675	1680	1463	14628	13808	5.9
Uncoated Groundwood (s)	132	126	125	1129	1117	1.1
Coated Paper (s)	555	556	438	4616	4475	3.2
Uncoated Free Sheet Paper (s)	877	884	793	7851	7244	8.4
Thin Paper (s)	22	15	20	172	179	-4.1
Cotton Fiber Paper (s)	12	12	12	113	107	5.2
Bleached Bristols (s)	78	87	75	747	686	8.9
Tissue Paper	419	429	396	3798	3688	3.0
Total Pkg & Other Paper	425	429	467	3860	3927	-1.7
Unbleached Kraft Packaging & Indl. Converting (s)	274	277	314	2531	2576	-1.7
Other Paper *	151	152	153	1330	1352	-1.6
TOTAL PAPER	2982	3025	2772	26502	25526	3.8
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1437	1575	1398	13194	12332	7.0
Unbleached Kraft Linerboard	1328	1455	1293	12181	11423	6.6
Other Unbl. Kraft Paperboard	109	120	105	1014	909	11.5
Semichemical Paperboard	450	481	421	4022	3809	5.6
Bleached Paperboard	346	342	307	3215	2966	8.4
Recycled Paperboard	669	687	631	6108	5691	7.3
TOTAL PAPERBOARD	2902	3085	2757	26540	24798	7.0
TOTAL PAPER AND PAPERBOARD	5884	6109	5529	53042	50324	5.4

WOOD PULP (ALL GRADES)	Aug. 86	July 86	Aug. 85	Jan. - Aug. 86	Jan. - Aug. 85	% Change 85/84
Dissolving & Special Alpha	113	103	77	840	796	5.4
Bleached Sulfite	131	115	113	941	909	3.5
Unbleached Sulfite	13	12	16	111	135	-17.6
Bleached & Semi-Bl. Sulfate	2054	1973	1881	15992	15177	5.4
Unbleached Sulfate	1694	1773	1655	13804	12985	6.3
Semichemical	359	368	348	2762	2712	1.9
Groundwood & Thermomechanical	469	474	427	3673	3545	3.6
TOTAL PULP DIVISION DATA	4833	4818	4518	38123	36259	5.1

(s) - Shipments R - Revised
P - Preliminary

OCTOBER 31, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	July	August	September	1986	
Total Production (API).....: excluding :...	68450	67056	5773	6109	5884	70723	5.4
Total Seasonally Adjusted....:construction:...			6039	5982	5899	70413	5.4
Imports (including Products).: and wet :..E	10576	11106	1108	1002	N.A.	11569	4.4
Exports (including Products).: machine :..E	4309	4009	426	394	N.A.	4718	17.2
Apparent Consumption.....: grades :...	74717 a	74153 b	6722	6590	6474	77263 c	4.6
Paper Production % Tonnage Capacity.....	92.7 g	90.5 g	86.9	91.1	92.5	92.3 gh	-
Paperboard Production % Tonnage Capacity.....	94.6 g	89.9 g	89.0	95.1	92.0	93.6 g	-
			June	July	August		
IMPORTS.....:Including Construction and :...	11075	11521	924	1139	1032	11894	3.8
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	385	433	402	4802	18.1
			June	July	August		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6897	6800	640	637	673	7511	9.5
TOTAL WOOD PULP PRODUCTION - Tons (000).....	55470	54170	4842	4818	4833	57185	5.1
WOOD PULP IMPORTS - TONS (000).....	4490	4466	370	401	422	4602	1.2
WOOD PULP EXPORTS - TONS (000).....	3594	3791	372	299	418	4403	14.3
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			June	July	August		
Wood Pulp.....:consumption for:.....	54562	53297	4694	4616	4729	55643	4.2
Waste Paper.....:construction & :.....	15926	15290	1384	1320	1390	16563	8.6
TOTAL.....: WMB grades :.....	70488	68584	6078	5936	6119	72207	5.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7565	7812	7582	91226	6.4
EMPLOYMENT (000)			July	August	September		
Paper and Allied Products.....Total.....	682.3	683.2	690.1	690.0	688.7	687.6	0.8
Pulp, Paper and Board Mills.....Total.....E	263.9	257.7	252.6	250.0	250.0	252.9	-2.2
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.44	10.82	11.14	11.31	11.18	11.11	3.1
Pulp, Paper Mills.....E	12.45	13.11	13.53	13.82	13.75	13.53	3.9
Paperboard Mills.....E	12.99	13.60	14.00	14.21	14.03	13.95	3.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q4	1986 Q1	1986 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.59	9.56	8.67	9.02	8.87y	3.3
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			July	August	September		
:IN PULP, PAPER :...Production Workers.....	125.5	125.1	135.4	139.1	136.8	133.4	7.0
:AND BOARD MILLS:...All Employees.....	123.9	124.1	135.3	138.0	135.6	132.7	7.5
PAPER AND ALLIED PRODUCTS (Million $)			July	August	September		
Industry Shipments (Dept. of Commerce)*.....	95990	97664	9317	9299	9529	107768	10.7
Pulp, Paper and Paperboard*.....	41539	41830	4025	3929	4065	45571	9.3
Inventories (End of Period) - Total Industry*..	9701	9728	10029	10114	10059	10059	4.5
Pulp, Paper and Paperboard*.....	3662	3800	3931	3885	3918	3918	5.3
			1985 Q4	1986 Q1	1986 Q2		
Sales (Corporations Only).....	71891	71465	17694	17575	18470	72090	0.4
Earnings (Corporations Only).....	3015	2880	695	589	922	3022	-4.8
Depreciation (Corporations Only).....	2798	3099	775	820	844	3328	9.3
Net Worth (Corporations Only).....	28160	29694	29780	30033	30646	30646	3.1
PRICE INDEXES (Bureau of Labor Stats)1967=100			July	August	September		
Pulp, Paper & Products, ex. Building Grades....	293.3 z	292.0 z	293.7	295.8	297.7	291.9 z	-0.5
Wood Pulp.....	397.2 z	346.6 z	367.7	365.9	371.5	350.9 z	0.0
Waste Paper.....	240.1 z	148.8 z	195.0	200.3	204.4	163.3 z	4.5
Paper.....	302.9 z	303.4 z	305.6	307.5	308.9	304.3 z	0.0
Paperboard.....	281.5 z	274.6 z	270.5	274.1	276.8	269.3 z	-2.9
PAPER DEMAND (INDEXED: 1977=100)			July	August	September		
Total Paper Production *.....	124.0	122.9	130.8	129.8	129.6	127.5	3.8
Paper New Supply *.....	127.6	128.7	140.6	136.0	136.0	133.3	3.7
Demand Indicators - (Weighted Average) *.....	136.7	141.6	150.7	149.3	149.5	147.9	4.8
Production of Nondurable Goods *...(21.2%).	122.5	125.3	132.1	132.0	132.2	130.3	4.4
Disposable Income .....*.(23.9%)	124.0	126.8	132.2	132.0	131.5	131.4	3.8
Total Printing and Publishing *...(54.9%).	147.8	154.3	166.0	163.5	164.5	161.8	5.3
Trend Factor			Not Available				
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	117.3	114.3	125.2	123.8	120.5	121.2	7.0
Production for Domestic Use	115.2	112.8	123.7	120.0	118.7	119.0	6.5
Demand Indicators - (Weighted Average) *.....	118.3	120.1	122.3	122.2	122.4	121.9	1.8
Production of Consumer Goods *...(62.06%)	118.2	120.5	125.1	124.9	125.2	124.1	3.5
Production of Equipment *...(5.75%)	140.5	146.4	141.3	142.5	143.0	142.8	-2.5
Production of Materials *...(32.19%)	114.6	114.5	113.5	113.4	113.4	113.8	-0.7
Trend Factor			Not Available				
NEWSPRINT MARKETS			June	July	August		
Consumption by Publishers - Tons (000).....	12602	12773	1097.9	1026.2	1105.6	12844	3.6
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	462.3	461.6	460.7	460.2	2.0
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	157798	154769	12700	8835	9688	140908	-2.0
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3184	3181	3211	37766	10.3
Inventories (End of Period).	2724	3155	3158	3160	3188	3188	4.9
FIBRE BOX DATA (Fibre Box Association)			July	August	September		
Fibre Box Shipments (Million square feet).....	267549	267451	23891	23737	24390	283611	6.0
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2389	2344	2240	2240	-12.5
RETAIL TRADE (Million $)			June	July	August		
Total Retail Sales *.....	1291835	1378161	118960	119258	121574	1420662	4.0
Nondurable Goods Stores Sales *.....	841417	866541	73364	73375	73878	879758	2.3
GENERAL ECONOMIC DATA			July	August	September		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.2	124.9	125.1	125.3	124.8	0.6
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.3 z	308.7 z	297.7	297.2	297.7	300.3 z	-2.7
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	328.0	328.6	330.2	327.6	2.1
			June	July	August		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	566.1	572.9	579.6	579.6	14.0
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q1	1986 Q2	1986 Q3		
G.N.P. or Expenditure - Current $.....	3765.0	3998.1	4149.2	4175.6	4234.3	4186.4	5.5
G.N.P. or Expenditure - 1982 $.....	3489.9	3585.2	3655.9	3661.4	3683.3	3666.9	2.6

lb/capita
Pap&Papbd Othr Totl Popul(mil)
.a - 631 + 19 = 650 237.0
.b - 620 + 18 = 638 239.3
.c - 640 + 17 = 657 241.5
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data: standard dev. = 6-8%
N.A. - Not Available
Q - Quarter
z - includes revisions not on Page 10
R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.